

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

***Annual Financial Report***

***June 30, 2010***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

10/6/10

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Annual Financial Report**

**June 30, 2010**

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**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

Our discussion and analysis of the Special Education District #1's (The Center) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The *Government-Wide Financial Statements* (GWFS) – The Statement of Net Assets and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of finances. *Fund Financial Statements* (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in the *INDEPENDENT AUDITOR'S REPORT*, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the *INDEPENDENT AUDITOR'S REPORT* carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**Government-Wide Financial Statements**

One of the most important questions asked about finances is, "Is The Center as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about The Center as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

***Fund Financial Statements***

The Fund Financial Statements provide detailed information about the most significant funds—not The Center as a whole. Some funds are required to be established by State laws or bond covenants.

The Center uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

***FINANCIAL HIGHLIGHTS***

The basic financial statements provide these insights into the results of this year's operations:

- Net assets of our governmental activities decreased by \$447,747 or seven percent as a result of this year's operations.
- Total expenses for program activities were \$1,867,091 for the year, which was \$990,130 more than the \$876,961 generated from charges for services and the grants and contributions received for these activities. The remainder of these expenses was covered by general revenues from property taxes collected and investment earnings of \$542,382. The cost of all of the programs increased by \$151,406, or approximately 8.8 percent. The charges for services and the grants and contributions received for these activities increased by \$73,239 or 9.1 percent.
- The governmental funds reported a total ending fund balance of \$4,461,430. Fund balance for governmental activities decreased by \$293,466 from the prior year ending fund balance of \$4,754,896.

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE (GWFS)**

The Statement of Net Assets and the Statement of Activities reports all activity as governmental activities. All of the basic instructional and support services are reported as this type. General ad valorem taxes, operating grants and contributions, and fees charged to community homes finance most of these activities. Our analysis below focuses on the net assets of the governmental-type activities:

Condensed Statement of Net Assets

|                            | 2010                | 2009                | Dollar<br>Change    | Total<br>Percent<br>Change |
|----------------------------|---------------------|---------------------|---------------------|----------------------------|
| Current and Other Assets   | \$ 4,613,078        | \$ 4,895,468        | \$ (282,390)        | -5.8%                      |
| Capital Assets             | 1,533,500           | 1,678,559           | (145,059)           | -8.6%                      |
| <b>Total Assets</b>        | <b>6,146,578</b>    | <b>6,574,027</b>    | <b>(427,449)</b>    | <b>-6.5%</b>               |
| Current Liabilities        | 101,361             | 90,620              | 10,741              | 11.9%                      |
| Long Term Liabilities      | 86,863              | 77,305              | 9,558               | 12.4%                      |
| <b>Total Liabilities</b>   | <b>188,224</b>      | <b>167,925</b>      | <b>20,299</b>       | <b>12.1%</b>               |
| Invested in Capital Assets | 1,533,501           | 1,678,559           | (145,058)           | -8.6%                      |
| Restricted                 | 5,413               | 6,015               | (602)               | -10.0%                     |
| Unrestricted               | 4,419,441           | 4,721,528           | (302,087)           | -6.4%                      |
| <b>Total Net Assets</b>    | <b>\$ 5,958,355</b> | <b>\$ 6,406,102</b> | <b>\$ (447,747)</b> | <b>-7.0%</b>               |

Net assets decreased by \$447,747 as a result of this year's operations. The overall financial position decreased during the year. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – absorbed most of the increase. The balance in net assets represents the accumulated results of all past years' operations.

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

Condensed Statement of Activities

|                                    | 2010                | 2009                | Dollar<br>Change    | Percent<br>Change |
|------------------------------------|---------------------|---------------------|---------------------|-------------------|
| Charges for Services               | \$ 876,540          | \$ 799,437          | 77,103              | 9.6%              |
| Operating Grants and Contributions | 421                 | 4,285               | (3,864)             | -90.2%            |
| <b>Program Expenses:</b>           |                     |                     |                     |                   |
| Current                            | 1,867,091           | 1,715,685           | 151,406             | 8.8%              |
| <b>Total program expenses</b>      | <b>1,867,091</b>    | <b>1,715,685</b>    | <b>151,406</b>      | <b>8.8%</b>       |
| <b>Net program income</b>          | <b>(990,130)</b>    | <b>(911,963)</b>    | <b>78,167</b>       | <b>8.6%</b>       |
| General revenues                   | 542,382             | 2,019,076           | (1,476,694)         | -73.1%            |
| <b>Change in Net Assets</b>        | <b>(447,748)</b>    | <b>1,107,113</b>    | <b>(1,554,861)</b>  | <b>-64.6%</b>     |
| <b>Net Assets:</b>                 |                     |                     |                     |                   |
| Beginning of the year              | 6,406,103           | 5,298,989           | 1,107,114           | 20.9%             |
| End of the year                    | <u>\$ 5,958,355</u> | <u>\$ 6,406,102</u> | <u>\$ (447,747)</u> | <u>-7.0%</u>      |

Total revenues received for the year were \$1,419,343 (\$876,540 in charges for services, \$421 in operating and grant contributions and \$542,382 in general revenues). This reflected a decrease of \$1,403,455 or approximately 50 percent from the prior year due to the decrease in ad valorem taxes assessed and collected. The total cost of all instructional and support services, \$1,867,091, increased by \$151,406 from the prior year which is approximately a 9 percent increase.

**FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)**

As noted earlier, The Center uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

Governmental funds reported a combined fund balance of \$4,461,430. This reflected a decrease of \$293,466. This decrease is primarily the result of the events and programs described within the analysis of its governmental activities.

Unreserved fund balance, which is the portion of fund balance available for funding future operational needs, totaled \$4,456,017 (99.8%). Reserved fund balance, which is the portion of fund balance that is not available for new spending, totaled \$5,413 (.2%). Reserved fund balance has already been committed for specific client activities.

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Major Governmental Fund.** If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the accompanying fund financial statements. The Center reported one major fund during the current fiscal year.

- The General Fund is the chief operating fund. At the end of the current fiscal year, fund balance totaled \$4,461,430, of which \$4,456,017 (99%) was unreserved.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$1,712,809 in the current fiscal year. Unreserved fund balance equaled 260% of total General Fund expenditures.

The fund balance of the General Fund decreased by \$293,466 during the current fiscal year. This decrease compared to the prior fiscal year is due to (1) a decrease in ad valorem taxes (\$1,414,000), community service (\$8,000), donations (\$3,800) interest and dividend income (\$58,000), whereas residential income revenue increased by \$45,679, and sale of fixed assets decreased by \$2,519 causing an overall decrease in revenues of approximately \$1,403,000, (2) expenditures also decreased by approximately \$420,000.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised to reflect a net increase of \$341,894 in ending fund balance. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

| Increase (Decrease) due to:                                                                              | Budgeted Amounts   |                    | Increase<br>(Decrease) |
|----------------------------------------------------------------------------------------------------------|--------------------|--------------------|------------------------|
|                                                                                                          | Original           | Final              |                        |
| <b>REVENUES:</b>                                                                                         |                    |                    |                        |
| Property taxes assessed increased/millage increase                                                       | \$ 390,925         | \$ 394,563         | \$3,638                |
| Actual State Revenue Sharing decreased                                                                   | 51,898             | 50,919             | (979)                  |
| Increase in interest rates due to changes in investments                                                 | 90,000             | 95,000             | 5,000                  |
| Adult Services - increase in qualifying clients/programs -                                               | 565,000            | 607,200            | 42,200                 |
| Actual Cafeteria Services revenue increased                                                              | 20,000             | 20,000             | -                      |
| Transportation Revenues - due to decrease in service                                                     | 77,000             | 35,000             | (42,000)               |
| Residential Services increase in clients/program                                                         | 154,170            | 204,100            | 49,930                 |
| Community Services due to decrease in the program                                                        | 5,000              | -                  | (5,000)                |
| Donations                                                                                                | 1,000              | 1,000              | -                      |
| Miscellaneous                                                                                            | 100                | 100                | -                      |
| Income from sale of fixed assets - unexpected disposal van                                               | -                  | 1,800              | 1,800                  |
| <b>Total Revenues</b>                                                                                    | <b>1,355,093</b>   | <b>1,409,682</b>   | <b>54,589</b>          |
| <b>EXPENDITURES:</b>                                                                                     |                    |                    |                        |
| District and School Administration, due to shift in line items                                           | 442,147            | 362,054            | (80,093)               |
| Adult Instruction increase in subs and part-time salaries and consultant services                        | 598,291            | 604,036            | 5,745                  |
| Cafeteria Services decrease in health insurance/purchases                                                | 138,458            | 124,815            | (13,643)               |
| Transportation Services decrease in gas & oil expense, vehicle acquisition                               | 196,266            | 125,697            | (70,569)               |
| Community Services                                                                                       | 47,430             | 46,064             | (1,366)                |
| Residential Services due to increase in direct service salaries because of increases in program services | 182,690            | 241,237            | 58,547                 |
| Physical Plant due mainly to decrease in utilities                                                       | 198,300            | 170,254            | (28,046)               |
| <b>Total Current</b>                                                                                     | <b>1,803,582</b>   | <b>1,674,157</b>   | <b>(129,425)</b>       |
| Capital Outlay due to reallocating project costs                                                         | 55,000             | 34,034             | (20,966)               |
| <b>Total Expenditures</b>                                                                                | <b>1,858,582</b>   | <b>1,708,191</b>   | <b>(150,391)</b>       |
| Net Change in Fund Balance                                                                               | (503,489)          | (298,509)          | 204,980                |
| <b>FUND BALANCE:</b>                                                                                     |                    |                    |                        |
| Beginning                                                                                                | 4,617,982          | 4,754,896          | 136,914                |
| Ending                                                                                                   | <b>\$4,114,493</b> | <b>\$4,456,387</b> | <b>\$ 341,894</b>      |



**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**CAPITAL ASSETS**

The investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2010 and 2009 was \$1,533,500 and \$1,678,559 respectively.

|                            | 2010                | 2009                |
|----------------------------|---------------------|---------------------|
| Land                       | \$ 93,612           | \$ 93,612           |
| Buildings and Improvements | 3,301,263           | 3,301,263           |
| Furniture and Equipment    | 344,316             | 330,042             |
| Buses and Vans             | 332,706             | 335,191             |
| Total Cost                 | 4,071,897           | 4,060,108           |
| Accumulated Depreciation   | 2,538,397           | 2,381,549           |
| Net Capital Assets         | <u>\$ 1,533,500</u> | <u>\$ 1,678,559</u> |
|                            |                     |                     |
| Depreciation Expense       | <u>\$ 180,631</u>   | <u>\$ 151,037</u>   |

This year there was \$35,572 of additions and \$23,783 of disposals, reflecting the net increase in capital assets before depreciation.

Major capital asset additions during the current fiscal year included the following:

- The purchase of two computers totaling \$2,914,
- The purchase of one truck for \$21,298.

More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

**LONG-TERM DEBT**

The Center has long-term debt recorded for compensated absences in the amount of \$86,863. More detailed information about the long-term debt is presented in Note 7 to the basic financial statements.

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Certain significant aspects of the budget are detailed below:

|                        |                     |
|------------------------|---------------------|
| Beginning Fund Balance | \$ 4,326,874        |
| Projected Revenue      | 1,789,669           |
| Projected Expenditures | <u>(1,954,253)</u>  |
| Ending Fund Balance    | <u>\$ 4,162,290</u> |

The ad valorem tax levy for the Maintenance and Operation Fund has been set at 2.0 mills which will generate an estimated \$785,150. Included in the 2010-2011 budget is a 12% average increase in health insurance. A 3% increase is included for staff salaries for The Center. The employer contribution rate for the Teacher's Retirement System of Louisiana will increase to 20.2% from 15.5% and employer contribution rate for the School Employees Retirement System will increase to 24.3% from 17.6%. Funding from the NOW and Supports Waivers were cut by 5.35% on 1/20/10. A new vehicle for the Executive Director in the amount of \$35,000 has been incorporated into this budget.

**CONTACTING FINANCIAL MANAGEMENT**

This annual report is designed to provide our citizens, taxpayers, and customers with a general overview of The Center finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Lester Adams, Executive Director,  
P.O. Box 405,  
Cut Off, Louisiana 70345  
985-632-5671



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Special Education District #1 of the Parish of Lafourche  
Cut Off, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Special Education District #1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Special Education District #1 as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Commissioners  
Special Education District #1 of the Parish of Lafourche  
Cut Off, Louisiana  
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In accordance with *Government Auditing Standards*, we have also issued a report dated August 19, 2010, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Stagni & Company*

Thibodaux, Louisiana  
August 19, 2010



## ***FINANCIAL SECTION***

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE**

**Statement of Net Assets**

June 30, 2010

| <b>ASSETS</b>                                   |  | <b>GOVERNMENTAL<br/>ACTIVITIES</b> |
|-------------------------------------------------|--|------------------------------------|
| Cash                                            |  | \$ 3,453,949                       |
| Investments                                     |  | 1,020,796                          |
| Receivables:                                    |  |                                    |
| Due from other agencies                         |  | 79,548                             |
| Accounts                                        |  | 2,753                              |
| Prepaid Insurance                               |  | 50,287                             |
| Inventory                                       |  | 5,745                              |
| Capital Assets, Net of Accumulated Depreciation |  | 1,533,501                          |
| <b>TOTAL ASSETS</b>                             |  | <u>6,146,579</u>                   |
| <b>LIABILITIES</b>                              |  |                                    |
| Accounts, salaries, and other payables          |  | 51,377                             |
| Compensated absences payable - current          |  | 49,984                             |
| <b>TOTAL CURRENT LIABILITIES</b>                |  | <u>101,361</u>                     |
| Compensated absences payable - long term        |  | 86,863                             |
| <b>TOTAL LIABILITIES</b>                        |  | <u>188,224</u>                     |
| <b>NET ASSETS</b>                               |  |                                    |
| Investment in capital assets                    |  | 1,533,501                          |
| Restricted for client activities                |  | 5,413                              |
| Unrestricted                                    |  | 4,419,441                          |
| <b>TOTAL NET ASSETS</b>                         |  | <u>\$ 5,958,355</u>                |

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Statement of Activities**

For the Year Ended June 30, 2010

|                                      | <b>Program Revenues:</b> |                         |                                          |                               |
|--------------------------------------|--------------------------|-------------------------|------------------------------------------|-------------------------------|
|                                      | Expenses                 | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Net<br>(Expenses)/<br>Revenue |
| <b>Governmental Activities</b>       |                          |                         |                                          |                               |
| Adult Instruction                    | \$ 607,104               | \$ 609,405              |                                          | \$ 2,301                      |
| General and Administrative           | 369,119                  |                         | 421                                      | 368,698                       |
| Plant Maintenance and Operations     | 278,512                  |                         |                                          | 278,512                       |
| Cafeteria Services                   | 128,567                  | 20,726                  |                                          | 107,841                       |
| Transportation Services              | 176,428                  | 35,935                  |                                          | 140,493                       |
| Residential Services                 | 261,315                  | 210,474                 |                                          | 50,841                        |
| Community Services                   | 46,046                   |                         |                                          | 46,046                        |
| <b>Total Governmental Activities</b> | <b>\$ 1,867,091</b>      | <b>\$ 876,540</b>       | <b>\$ 421</b>                            | <b>(990,130)</b>              |

**General Revenues:**

|                                |                  |
|--------------------------------|------------------|
| Ad Valorem Taxes               | 394,563          |
| State Revenue Sharing          | 50,919           |
| Interest and Dividends         | 95,059           |
| Miscellaneous                  | 41               |
| Gain on Sale of capital assets | 1,800            |
| <b>Total General Revenues</b>  | <b>542,382</b>   |
| <b>Change in Net Assets</b>    | <b>(447,748)</b> |

**Net Assets:**

|           |                     |
|-----------|---------------------|
| Beginning | 6,406,103           |
| Ending    | <b>\$ 5,958,355</b> |

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Balance Sheet - Governmental Funds  
June 30, 2010

|                                          | <u>General Fund</u> |
|------------------------------------------|---------------------|
| <b>ASSETS</b>                            |                     |
| Cash                                     | \$ 3,453,949        |
| Investments                              | 1,020,796           |
| Receivables:                             |                     |
| Due from other agencies                  | 79,548              |
| Accounts                                 | 2,753               |
| Inventory                                | 5,745               |
|                                          | <u>\$ 4,562,791</u> |
| <b>LIABILITIES</b>                       |                     |
| Accounts payable and accrued liabilities | \$ 51,377           |
| Compensated absences payable             | 49,984              |
| <b>TOTAL LIABILITIES</b>                 | <u>101,361</u>      |
| <b>FUND EQUITY</b>                       |                     |
| Reserved for client activities           | \$ 5,413            |
| Unreserved - Undesignated                | 4,456,017           |
| <b>TOTAL FUND EQUITY</b>                 | <u>4,461,430</u>    |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b> | <u>\$ 4,562,791</u> |

***Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Assets***

|                                                                                                                                                |                            |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>Total fund balances - governmental funds</b>                                                                                                | <b>\$ 4,461,430</b>        |
| Amounts reported for governmental activities in the Statement of Net Assets are different because:                                             |                            |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:                      |                            |
| Cost of Assets                                                                                                                                 | 4,071,897                  |
| Accumulated Depreciation                                                                                                                       | <u>2,538,396</u>           |
|                                                                                                                                                | 1,533,501                  |
| Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds           |                            |
| Prepaid Insurance                                                                                                                              | 50,287                     |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of: |                            |
| Long term Compensated absences                                                                                                                 | <u>(86,863)</u>            |
| <b>Net assets of governmental activities</b>                                                                                                   | <u><b>\$ 5,958,355</b></u> |

See notes to financial statements.



**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds**

For the Year Ended June 30, 2010

|                                   | <b>General<br/>Fund</b>    |
|-----------------------------------|----------------------------|
| <b>REVENUES</b>                   |                            |
| Ad Valorem Taxes                  | \$ 394,563                 |
| State Revenue Sharing             | 50,919                     |
| Adult Services Income             | 597,841                    |
| Cafeteria Services                | 20,726                     |
| Transportation Services           | 35,935                     |
| Residential Services              | 210,474                    |
| Intergovernmental Revenue         | 11,564                     |
| Donations                         | 421                        |
| Interest and Dividends            | 95,059                     |
| Sale of fixed assets              | 1,800                      |
| Miscellaneous                     | 41                         |
|                                   | <u>1,419,343</u>           |
| <b>EXPENDITURES</b>               |                            |
| Current:                          |                            |
| Adult Instruction                 | 598,676                    |
| General and Administrative        | 351,320                    |
| Plant Maintenance and Operations  | 169,568                    |
| Physical Plant and Insurance      | 126,524                    |
| Transportation Services           | 123,788                    |
| Residential Services              | 261,315                    |
| Community Services                | 46,046                     |
| <b>Total Current</b>              | <u>1,677,237</u>           |
| Capital Outlay                    | 35,572                     |
| <b>Total Expenditures</b>         | <u>1,712,809</u>           |
| <b>NET CHANGE IN FUND BALANCE</b> | (293,466)                  |
| <b>FUND BALANCE</b>               |                            |
| Beginning of year                 | 4,754,896                  |
| End of year                       | <u><u>\$ 4,461,430</u></u> |

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE**

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2010

**Net change in fund balances - governmental funds** **\$ (293,466)**

Amounts reported for *governmental activities* in the Statement of Activities  
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets are allocated over their useful  
lives and reported as depreciation expense.

|                                |                  |           |
|--------------------------------|------------------|-----------|
| Capital outlay                 | \$ 35,572        |           |
| Depreciation expense           |                  |           |
| Adult Instruction              | (8,428)          |           |
| General & Administrative       | (8,242)          |           |
| Plant Maintenance & Operations | (109,278)        |           |
| Cafeteria Services             | (2,043)          |           |
| Transportation Services        | (52,640)         |           |
|                                | <u>(180,631)</u> | (145,059) |

Other expenses reported in the Statement of Activities that do not require  
current financial resources:

|                               |     |
|-------------------------------|-----|
| Increase in Prepaid insurance | 334 |
|-------------------------------|-----|

For governmental funds, the incurrence of long-term debt provides current  
financial resources and the repayment of long-term obligations consumes  
current financial resources. Neither transaction has any effect on net assets.

|                                            |                |
|--------------------------------------------|----------------|
| Increase in long-term compensated absences | <u>(9,557)</u> |
|--------------------------------------------|----------------|

**Change in net assets of governmental activities** **\$ (447,748)**

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Notes to the Financial Statements**

June 30, 2010

Special Education District #1 of the Parish of Lafourche (The Center) was formed by the Louisiana Legislature in 1976 as a political subdivision of the State of Louisiana to purchase, contract, acquire, manage and administer an education and training institution for mentally retarded, handicapped, and other health impaired children and adults. The Center has the power to levy property taxes, incur debt, and perform all other lawful acts necessary to accomplish the above. The Center is governed by a Board of Commissioners; three appointed by the Lafourche Parish Council, and four appointed by the Lafourche Parish School Board.

**Note 1      *Summary of Significant Accounting Policies***

The accounting and reporting policies of The Center conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

**A.      *Reporting Entity***

GASBS No. 14 "The Financial Reporting Entity," sets forth the standards for defining and presenting the reporting entity in financial statements. To fairly present the financial position and results of operations of the financial reporting entity, a government must determine whether its reporting entity consists of only the legal entity known as the "primary government" or one or more organizations called "component units."

According to GASBS No. 14, The Center is considered a primary government defined as any state government or general purpose local government or a special purpose government that meets all of the following criteria:

- 1)      It has a separately elected governing body.
- 2)      It is legally separate.
- 3)      It is fiscally independent of other state and local governments.

**B.      *Government-Wide and Fund Financial Statements***

The provisions of Statement No. 34 of the Governmental Accounting Standards Board – "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement No. 34 established standards for external financial reporting for all state and local governmental entities that includes government-wide financial statements and fund financial statements.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Notes to the Financial Statements**

June 30, 2010

**Note 1      Summary of Significant Accounting Policies (Continued)**

**B.      Government-Wide and Fund Financial Statements (continued)**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. All individual governmental funds are reported as separate columns in the fund financial statements.

**C.      Measurement Focus / Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2010

**Note 1      Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus/ Basis of Accounting (Continued)**

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Center utilizes the following governmental fund:

**General Fund:**

The General Fund is the primary operating fund of The Center. It is used to account for all financial resources except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include

- 1) charges to customers or applicants for goods, services, or privileges provided,
- 2) operating grants and contributions, and
- 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Notes to the Financial Statements**

June 30, 2010

**Note 1      Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus/ Basis of Accounting (Continued)**

The following is a description of the programs offered by The Center to its clients:

**Adult Instruction** - Adult Instruction is the day program for citizens of the community who are developmentally disabled. This program offers janitorial and recycling services performed by its clients to area business, assembles and sells plastic eating utensil packets and recycles, packages and sells Mardi Gras beads. Adult Instruction also operates a retail gift shop and operates vending machines in local businesses.

**Residential Services** - Residential Services provides the following services:

**Respite Services** - Respite Services provides direct care workers to the developmentally disabled client in their home allowing their parents/guardians to leave them for short periods of time.

**Personal Care Assistance** - The Personal Care Assistance program provides direct care workers to the developmentally disabled client on a "one on one" basis therefore allowing the client some personal time in the community. This program is administered completely out of the clients' homes.

**Community Services** - Searches for jobs and provides follow along support to those clients who qualify as outlined by Louisiana Rehabilitation Services.

**D.      Deposits and Investments**

The Center's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and The Center's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Notes to the Financial Statements**

June 30, 2010

**Note 1      Summary of Significant Accounting Policies (Continued)**

**E.      Ad Valorem Taxes**

Ad Valorem taxes of Lafourche Parish are levied around November 1 and are due and payable on that date. Ad Valorem taxes become delinquent on January 1 of the next year. Ad Valorem taxes are assessed by the Lafourche Parish Tax Assessor and are collected by the Lafourche Parish Sheriff and remitted monthly by the Sheriff to The Center. Tax revenues are recognized when they become available. Available includes those tax receivables that are expected to be collected. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

The following is a summary of authorized and levied ad valorem taxes:

|                         | Millage    |           | Expiration |
|-------------------------|------------|-----------|------------|
|                         | Authorized | Levied    | Date       |
| Taxes due for:          |            |           |            |
| Operation & Maintenance | 4.98 mills | 1.0 mills | 2016       |

The following is the principal taxpayer and the related assessed value and property tax revenue received from them for the District for the current year:

| Taxpayer                | Assessed Value | Tax Revenue |
|-------------------------|----------------|-------------|
| Offshore Service Vessel | \$23,669,460   | \$47,339    |

**F.      Inventory**

Inventory of concession items in the general fund is valued at cost (first-in, first-out). Inventories are recorded as expenditures as consumed rather than when purchased.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2010

**Note 1      Summary of Significant Accounting Policies (Continued)**

**G.      Capital assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental funds in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Center uses a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| <u>Description</u>                  | <u>Estimated<br/>Lives</u> |
|-------------------------------------|----------------------------|
| Buildings and building improvements | 7 - 40 years               |
| Furniture, fixtures, and equipment  | 5 - 15 years               |
| Vehicles                            | 5 - 8 years                |

**H.      Compensated Absences**

The Center compensates substantially all full time employees for unused vacation up to twelve days. Unused vacation is paid upon termination or retirement.

Sick leave accumulates at the rate of twelve days for 240-Day Personnel. Sick leave is not paid upon termination or retirement.

Compensation time is granted for approved extra hours of work in accordance with the Fair Labor Standards Act. Compensation time is paid upon termination or retirement.



**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Notes to the Financial Statements**

June 30, 2010

**Note 1      Summary of Significant Accounting Policies (Continued)**

***I.      Long-Term Obligations***

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***J.      Reserved Fund Balances and Restricted Net Assets***

The portion of unexpended funds dedicated for debt service is recorded as reserve for debt service and is restricted for debt service on the Statement of Net Assets. The portion of unexpended funds that have been recorded as restricted donations for client activities are recorded as reserve for client activities in the General Fund and restricted on the Statement of Net Assets. The portion of unexpended funds dedicated for future capital improvements are recorded as reserve for capital improvements in the General Fund and restricted on the Statement of Net Assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2010

**Note 1      Summary of Significant Accounting Policies (Continued)**

**K.      Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2      Stewardship, Compliance, and Accountability**

*The Center uses the following budget practices:*

- The Finance Committee of the Board of Commissioners prepares a balanced operating budget each year, which is then ratified by the full Board after an appropriate public hearing. The budget contains an appropriation resolution that authorizes the expenditures of funds up to the budgeted amount of the year.
- The budget may be amended during the year as conditions dictate so long as it remains in balance. One-half of the prior year's appropriation automatically renews each year without any formal Board approval.
- During the current year a budget was not adopted for the debt service fund. The bonds were paid out in the previous fiscal year; therefore, the bond covenant legally requiring a budget to be adopted for the debt service funds was no longer in force.

**Note 3 Ad Valorem Taxes**

For the year ended June 30, 2010, taxes of 1.0 mills was levied on property valued as of January 1, 2009 located in Ward 10 of the Parish of Lafourche. The assessor for the Parish is responsible for preparing the property tax rolls and collecting the millage on all property dedicated. Taxes levied were \$398,143 of which 99% (includes interest and delinquent charges) were collected through June 30, 2010.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Notes to the Financial Statements**

June 30, 2010

**Note 4      Deposits and Investments**

***Deposits:***

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2010, the carrying amount of deposits was \$3,453,949 and the bank balance was \$3,539,649. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, the district's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. Of the total bank balance, \$3,034,581 is considered under custodial credit risk.

The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. FDIC and pledged securities valued at \$4,675,373 secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

***Investments:***

The Center's investments consist of \$1,020,796 invested in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2010

**Note 4      Deposits and Investments (Continued)**

This investment pool has not been assigned a risk category since The Center has not issued securities, but rather owns an undivided beneficial interest in the assets of this pool.

State law limits investments in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the district's policy to limit its investments in these investment types. As of June 30, 2010, the district's investment in LAMP was rated AAAM by Standard & Poor's.

**Note 5      Revenue/Receivables from Other Agencies**

The Center receives federal, state, and individual funding on a per diem per client/unit basis. Federal and state matching funds from the Department of Health and Human Services, passed through the Louisiana Department of Health and Hospitals Office of Family Security, Medical Assistance Program – Medicaid/Title XIX are on a per diem basis. These payments, reported in the Adult Instruction and Residential Services, are considered a payment for service as opposed to a grant award.

Receivables totaling \$79,548 from these types of payments are considered due from other agencies and consist of the following:

|                |           |
|----------------|-----------|
| DUE FROM       | amount    |
| Medicaid       | \$ 72,862 |
| Res-Care, Inc. | \$6,686   |

The financial statements of The Center contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Notes to the Financial Statements**

June 30, 2010

**Note 6      Capital Assets**

Capital assets and depreciation activity is as follows:

| GOVERNMENTAL ACTIVITIES                            | BEGINNING<br>BALANCE | ADDITIONS      | DELETIONS     | ENDING<br>BALANCE  |
|----------------------------------------------------|----------------------|----------------|---------------|--------------------|
| <b>Capital Assets, not being depreciated</b>       |                      |                |               |                    |
| Land                                               | \$93,612             | \$ -           | \$ -          | \$93,612           |
| <b>Total Capital Assets, not being depreciated</b> | <b>\$93,612</b>      | <b>\$ -</b>    | <b>\$ -</b>   | <b>\$93,612</b>    |
| <b>Capital Assets, being depreciated</b>           |                      |                |               |                    |
| Buildings and Improvements                         | 3,301,263            | -              | -             | 3,301,263          |
| Furniture and Equipment                            | 330,042              | 14,274         | -             | 344,316            |
| Buses and Vans                                     | 335,191              | 21,298         | 23,783        | 332,706            |
| <b>Total capital assets, being depreciated</b>     | <b>3,966,496</b>     | <b>35,572</b>  | <b>23,783</b> | <b>3,978,285</b>   |
| <b>Less Accumulated Depreciation:</b>              |                      |                |               |                    |
| Buildings and Improvements                         | 1,955,987            | 109,278        | -             | 2,065,265          |
| Furniture and Equipment                            | 249,469              | 18,713         | -             | 268,182            |
| Buses and Vans                                     | 176,093              | 52,640         | 23,783        | 204,950            |
| <b>Total Accumulated Depreciation</b>              | <b>2,381,549</b>     | <b>180,631</b> | <b>23,783</b> | <b>2,538,397</b>   |
| <b>Capital Assets, being depreciated, net</b>      | <b>\$1,584,947</b>   |                |               | <b>1,439,888</b>   |
| <b>Total Net Capital Assets, net</b>               | <b>\$1,678,559</b>   |                |               | <b>\$1,533,500</b> |

Depreciation expense of \$180,631 was charged to the following governmental functions:

|                              |                         |
|------------------------------|-------------------------|
| Adult instruction            | \$ 8,428                |
| Transportation services      | 52,640                  |
| Physical plant and insurance | 109,278                 |
| General and administrative   | 8,242                   |
| Cafeteria services           | <u>2,043</u>            |
| <b>Total</b>                 | <b><u>\$180,631</u></b> |

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Notes to the Financial Statements**

June 30, 2010

**Note 7      Long-Term Obligations**

Changes in long-term obligations are summarized below:

|                      | BALANCE<br>JUNE 30,<br>2009 | ADDITIONS | REDUCTIONS | BALANCE<br>JUNE 30,<br>2010 |
|----------------------|-----------------------------|-----------|------------|-----------------------------|
| Compensated absences | \$77,305                    | \$9,558   | \$ -       | \$86,863                    |

**Note 8      Pension Plan**

Substantially all employees of The Center are members of one of two cost sharing, multi-employer retirement systems. In general, professional employees, such as teachers and principals, are members of the Teachers' Retirement System of Louisiana (TRS); and other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Pertinent information relative to each plan follows:

**TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRS)**

**Plan Description.** The TRS consists of three membership plans: Regular Plan, Plan A and Plan B. The Center participates in TRS Regular which requires mandatory enrollment for all employees that meet the legal definition of "teacher" in accordance with LRS 17:751(23)(a).

The Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disabilities after 5 years, but member must be in active service at the time of filing the application for disability retirement. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

**Funding Policy.** Plan members are required to contribute 8.0 percent of their annual covered salary for the Regular Plan. The Center is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll for the membership plan. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the TRS.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2010

**Note 8      *Pension Plan (Continued)***

Employer contribution to the TRS, as provided by state law, is funded by deductions from local ad valorem taxes and by remittances by The Center. The Center's contributions to the TRS for the years ending June 30, 2010, 2009, and 2008 were \$106,836, \$99,025, and \$98,950, respectively, which were equal to the required contributions for each year.

**LOUISIANA SCHOOL EMPLOYEES RETIREMENT SYSTEM (LSERS)**

**Plan Description.** The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804 or by calling (225) 925-6484.

**Funding Policy.** Plan members are required to contribute 7.5 percent of their annual covered salary and The Center is required to contribute at an actuarially determined rate. The current rate is 17.6 percent of annual covered payroll. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the LSERS. The Center's employee contribution for the LSERS is funded by remittances from The Center. The Center's contributions to the LSERS for the years ending June 30, 2010, 2009, and 2008 were \$9,337, \$9,199, and \$8,738, respectively which were equal to the required contributions for each year.

**Note 9      *Commitments and Contingencies***

Intergovernmental awards and interagency fees received by The Center are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures that are subsequently disallowed, The Center may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2010

**Note 10      Risk Management**

**LIABILITY INSURANCE:**

The Center is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; injury to employees; and natural disasters. The Center purchased commercial insurance policies for any and all claims relating to the above types of risks and is only liable for the payment of the deductible associated with the above types of risks.

**HEALTH INSURANCE**

The Center provides health and life insurance to employees. The Center pays 75% of the employee's cost of medical and life insurance premiums and 55% of the dependent coverage. The remainder is paid through withholding allowances on the employees' paycheck. The Center has no further liabilities on any health or life insurance claims except for paying their portion of the premiums.

Settlements have not exceeded insurance coverage in any of the three proceeding years.

**Note 11      Schedule of Per Diem and Compensation of Board of Commissioners**

During the year ended June 30, 2010 the Board of Commissioners held twelve (12) meetings. Board members were not paid per diem or mileage during the year.



***REQUIRED SUPPLEMENTAL  
INFORMATION***

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**

**Budget Comparison Schedule - General Fund  
For the Year Ended June 30, 2010**

|                                   | <b>Budgeted Amounts</b> |                     |                     | <b>Variance -<br/>Favorable<br/>(Unfavorable)</b> |
|-----------------------------------|-------------------------|---------------------|---------------------|---------------------------------------------------|
|                                   | <b>Original</b>         | <b>Final</b>        | <b>Actual</b>       |                                                   |
| <b>REVENUES:</b>                  |                         |                     |                     |                                                   |
| Ad Valorem Taxes                  | \$ 390,925              | \$ 394,563          | \$ 394,563          | \$ -                                              |
| State Revenue Sharing             | 51,898                  | 50,919              | 50,919              | -                                                 |
| Adult Services Income             | 565,000                 | 607,200             | 597,841             | (9,359)                                           |
| Cafeteria Services                | 20,000                  | 20,000              | 20,726              | 726                                               |
| Transportation Services           | 77,000                  | 35,000              | 35,935              | 935                                               |
| Residential Services              | 154,170                 | 204,100             | 210,474             | 6,374                                             |
| Community Services                | 5,000                   | -                   | -                   | -                                                 |
| Intergovernmental Revenue         | -                       | -                   | 11,564              | 11,564                                            |
| Donations                         | 1,000                   | 1,000               | 421                 | (579)                                             |
| Interest and Dividends            | 90,000                  | 95,000              | 95,059              | 59                                                |
| Sale of fixed assets              | -                       | 1,800               | 1,800               | -                                                 |
| Miscellaneous                     | 100                     | 100                 | 41                  | (59)                                              |
| <b>Total Revenues</b>             | <u>1,355,093</u>        | <u>1,409,682</u>    | <u>1,419,343</u>    | <u>9,661</u>                                      |
| <b>EXPENDITURES:</b>              |                         |                     |                     |                                                   |
| <b>Current:</b>                   |                         |                     |                     |                                                   |
| General and Administrative        | 442,147                 | 362,054             | 351,320             | 10,734                                            |
| Adult Instruction                 | 598,291                 | 604,036             | 598,676             | 5,360                                             |
| Cafeteria Services                | 138,458                 | 124,815             | 126,524             | (1,709)                                           |
| Transportation Services           | 196,266                 | 125,697             | 123,788             | 1,909                                             |
| Community Services                | 47,430                  | 46,064              | 46,046              | 18                                                |
| Residential Services              | 182,690                 | 241,237             | 261,315             | (20,078)                                          |
| Physical Plant and Insurance      | 198,300                 | 170,254             | 169,568             | 686                                               |
| <b>Total Current</b>              | <u>1,803,582</u>        | <u>1,674,157</u>    | <u>1,677,237</u>    | <u>(3,080)</u>                                    |
| Capital Outlay                    | 55,000                  | 34,034              | 35,572              | (1,538)                                           |
| <b>Total Expenditures</b>         | <u>1,858,582</u>        | <u>1,708,191</u>    | <u>1,712,809</u>    | <u>(4,618)</u>                                    |
| <b>NET CHANGE IN FUND BALANCE</b> | <b>(503,489)</b>        | <b>(298,509)</b>    | <b>(293,466)</b>    | <b>5,043</b>                                      |
| <b>FUND BALANCE:</b>              |                         |                     |                     |                                                   |
| Beginning of year                 | 4,617,982               | 4,754,896           | 4,754,896           | -                                                 |
| End of year                       | <u>\$ 4,114,493</u>     | <u>\$ 4,456,387</u> | <u>\$ 4,461,430</u> | <u>\$ 5,043</u>                                   |

***REPORTS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Special Education District #1 of the Parish of Lafourche  
Cut Off, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Special Education District #1 of the Parish of Lafourche which collectively comprise the basic financial statements, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Special Education District #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Special Education District #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

Thibodaux, Louisiana  
August 19, 2010



**SPECIAL EDUCATION DISTRICT #1,  
OF THE PARISH OF LAFOURCHE**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

We have audited the financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements, and have issued our report thereon dated August 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit of the basic financial statements resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material Weaknesses ☐ Yes ☒ No  
Significant Deficiencies ☐ Yes ☒ No

**Compliance**

Compliance Material to Financial Statements ☐ Yes ☒ No

**b. Federal Awards - Not Applicable**

**Internal Control**

Material Weaknesses ☐ Yes ☐ No  
Significant Deficiencies ☐ Yes ☐ No

**Type of Opinion On Compliance** Unqualified ☐ Qualified ☐  
**For Major Programs** Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with Circular A-133,  
Section .510(a)? ☐ Yes ☐ No

**c. Identification of Major Programs - Not Applicable**

| CFDA Number (s) | Name of Federal Program (or Cluster) |
|-----------------|--------------------------------------|
|-----------------|--------------------------------------|

|                                                                          |                                                          |
|--------------------------------------------------------------------------|----------------------------------------------------------|
| Dollar threshold used to distinguish between Type A and Type B Programs: | N/A                                                      |
| Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?   | <input type="checkbox"/> Yes <input type="checkbox"/> No |

**Section II - Financial Statement Findings**

**NONE**

**Section III Federal Award Findings and Questioned Costs**  
**NOT APPLICABLE**

